

STATEMENT
of the
MILITARY OFFICERS ASSOCIATION OF AMERICA
on
Education Benefits for National Guard and Reserve Members of
the U.S. Armed Forces
before the
ECONOMIC OPPORTUNITY SUBCOMMITTEE
House Veterans' Affairs Committee

March 22, 2007

Presented by

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MADAM CHAIRWOMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, on behalf of the 362,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's views on education benefits for the men and women who serve the nation in the National Guard and Reserve forces.

MOAA is also an original founding member of the Partnership for Veterans' Education, a consortium of military, veterans, and higher education groups which advocate for passage of a "total force" approach to the Montgomery GI Bill to meet the needs of our operating forces – active duty, National Guard and Reserve -- in the 21st century.

MOAA does not receive any grants or contracts from the federal government.

EXECUTIVE SUMMARY

Total Force Montgomery GI Bill. Our nation's active duty, National Guard and Reserve forces are operationally integrated under the Total Force policy but reservists' educational benefits are not structured commensurate with the length and types of duty performed.

MOAA strongly supports enactment of H.R. 1102 to consolidate active duty and reserve MGIB programs in Title 38 and align benefit rates according to the length and type of service performed -- a Total Force MGIB.

Basic Reserve MGIB Benefits (Chapter 1606, 10 USC)

MOAA urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible. To support reserve component retention, MOAA also recommends continuous in-service usage of 'Chapter 1606' benefits until exhausted.

Reserve Educational Assistance Program (Mobilization) MGIB Benefits (Chapter 1607)

MOAA recommends that Chapter 1607, 10 USC be transferred to Title 38 and that the rate formula for the program be adjusted to provide one month of active duty benefits under Chapter 30, 38 USC for every month mobilized.

Portability of Benefits

MOAA urges Congress to authorize use of reserve MGIB benefits earned during a mobilization under contingency operation orders for a period of 10 years after leaving service – the same portability active duty veterans enjoy.

Benchmarking MGIB Benefit Rates

MOAA urges Congress to benchmark MGIB benefit rates to keep pace with the average cost of education at a four-year public college or university.

Background on the Evolution of the Montgomery GI Bill

Our nation's total Armed Forces – active duty, National Guard, and Reserve -- are operationally integrated to carry out national security missions, but educational benefits under the Montgomery GI Bill (MGIB) do not reflect this “total force” policy, nor match benefits to the length and type of service performed.

The enactment of MGIB programs early in the All-Volunteer Force era sheds light on the current disconnect between the MGIB structure and the policies used today to ensure reserves are embedded in all military missions.

Congress re-established the GI Bill in 1984. The MGIB was designed to stimulate All-Volunteer Force recruitment and retention and to help veterans readjust to the civilian world on completion of their service. Active duty MGIB educational benefits were codified in Title 38, ensuring a readjustment purpose by authorizing use for up to 10 years after leaving service. But the Selected Reserve MGIB program was codified under Chapter 1606 of Title 10, and post-service benefits were not authorized.

The father of the modern G.I. Bill named for him, the late Representative G.V. ‘Sonny’ Montgomery, long-time Chairman of the House Veterans Affairs Committee, envisioned that Guard and Reserve service men and women deserved to participate in the GI Bill program in exchange for their voluntary service. But at the time, there was ‘pushback’ on the issue of “veteran status” for reservists. Moreover, leaders then did not anticipate today’s routine usage of Guard and Reserve forces for active duty missions. Some groups felt that reservists who had not served on active duty had not earned veterans (readjustment) benefits. Chairman Montgomery forged a compromise that resulted in placing the new reserve GI Bill programs into the Armed Forces Code, Title 10.

From the inception of the MGIB until the late 1990s, Reserve MGIB benefits maintained proportional parity with the basic active duty program, paying nearly 50 percent of active duty benefit rates. Subsequently, active duty rates were increased significantly, but the Reserve benefits were not – largely because they were under a different committee’s jurisdiction. Erosion of Reserve MGIB value relative to that of the active duty program began to occur at the very time that hundreds of thousands of Guard and Reserve servicemembers were being called up following the September 11, 2001 attacks.

The administration attempted to rectify the growing benefit gap by proposing legislation for a new Reserve MGIB for reservists activated for more than 90 days for a contingency operation. But the complexity of the new program (enacted as Chapter 1607, 10 USC), coupled with inadequate funding, poor correlation with other MGIB programs and the absence of a portability feature, has compromised statutory objectives for the MGIB as envisioned by Sonny Montgomery.

A new architecture is needed to align the MGIB with the realities of the Total Force policy in the 21st Century.

Toward a Total Force MGIB for the 21st Century.

The Total Force MGIB has two broad concepts. First, all active duty and reserve MGIB programs would be consolidated under Title 38. DoD and the Services would retain responsibility for cash bonuses, MGIB “kickers”, and other enlistment / reenlistment incentives. Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure MGIB benefit rates as follows:

- ❑ Tier one – Chapter 30, Title 38 – no change. Individuals who enter the active armed forces would earn MGIB entitlement unless they decline enrollment.
- ❑ Tier two – Chapter 1606, Title 10 -- MGIB benefits for initial entry into the Guard or Reserve. Chapter 1606 would transfer to Title 38. Congress should consider adjusting benefit rates in proportion to the active duty program. Historically, Selected Reserve benefits have been 47-48% of active duty benefits.
- ❑ Tier three – Chapter 1607, Title 10, amended -- MGIB benefits for mobilized members of the Guard / Reserve on “contingency operation” orders. Chapter 1607 would transfer to Title 38 and be amended to provide mobilized servicemembers one month of “tier one” benefits (currently, \$1075 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use remaining Second Tier MGIB benefits only while continuing to serve satisfactorily in the Selected Reserve. Reservists who qualify for a reserve retirement or are separated / retired for disability would have 10 years following separation to use all earned MGIB benefits. In accordance with current law, in cases of multiple benefit eligibility, only one benefit would be used at one time, and total usage eligibility would extend to no more than 48 months.

MOAA strongly supports enactment of H.R. 1102 to consolidate military / veteran MGIB programs in Title 38 and align benefit rates according to the length and type of service performed, a Total Force MGIB.

Montgomery GI Bill Benefits for Members of the Selected Reserve

The Total Force MGIB concept outlined above would drive particular changes in the Selected Reserve MGIB programs.

Basic Reserve MGIB Program (Chapter 1606). For the first 15 years of the Reserve MGIB program’s existence, benefits earned by individuals who initially join the Guard or Reserve for six years or who reenlist for six years, paid 47 cents to the dollar for active duty MGIB participants. Since 9/11, however, the ratio has dropped to 29 cents to the dollar. One consequence of the rate drop is that reservists feel their service is devalued. The following chart illustrates the sharp decline in rate parity since 9/11.

**Montgomery GI Bill Program
Benefit History – Full Time Study Rates**

Month Year		Active Duty Chapter 30	Selected Reserve Chapter 1606	
Jul	1985	\$300.00	\$140.00	47%
	1986	\$300.00	\$140.00	47%
	1987	\$300.00	\$140.00	47%
	1988	\$300.00	\$140.00	47%
	1989	\$300.00	\$140.00	47%
	1990	\$300.00	\$140.00	47%
Oct	1991	\$350.00	\$170.00	49%
	1992	\$350.00	\$170.00	49%
Apr	1993	\$400.00	\$190.00	48%
Oct	1994	\$404.88	\$192.32	48%
Oct	1995	\$416.62	\$197.90	48%
Oct	1996	\$427.87	\$203.24	44%
Oct	1997	\$439.85	\$208.93	48%
Oct	1998	\$528.00	\$251.00	48%
Oct	1999	\$536.00	\$255.00	48%
Oct	2000	\$552.00	\$263.00	48%
Nov	2000	\$650.00	\$263.00	40%
Oct	2001	\$672.00	\$272.00	40%
Dec	2001	\$800.00	\$272.00	34%
Oct	2002	\$900.00	\$276.00	31%
Oct	2003	\$985.00	\$282.00	29%
Oct	2004	\$1004.00	\$288.00	28.6%
Oct	2005	\$1034.00	\$297.00	28.6%
Oct	2006	\$1075.00	\$309.00	28.7%

MOAA urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible. The Partnership also recommends continuous in-service usage of Chapter 1606 benefits until exhausted.

Reserve Educational Assistance Program (Mobilization) Benefits (Chapter 1607). REAP educational benefits are earned by mobilized reservists who serve the nation on active duty for at least ninety days during a national emergency under ‘contingency operation’ orders. The REAP benefit package was cobbled together with little consultation / coordination with the Departments of Defense and Veterans Affairs, and other stakeholders. For example, the benefit rate structure is based on an administratively cumbersome percentage of active duty MGIB Chapter 30 benefits. Ironically, substantial benefits are awarded after 90 days service, but no post-service access to those benefits is authorized.

The Total Force MGIB would address these concerns by establishing in law month-for-month entitlement to active duty MGIB benefits (Chapter 30). With enactment of a portability feature for earned REAP benefits, the program ultimately would be fairer to all members of the force and serve as an incentive for continued service in the Guard or Reserves.

A restructured REAP would support DoD policy of calling up the “operational reserve” for no more than 12 months per tour every five or six years. The proposal would enable a G-R member to potentially acquire full MGIB entitlement after 36 months aggregate service on contingency operation orders. Presently, Chapter 1607 benefits are only awarded for a single tour of active duty. Additional service offers no additional benefit, even though over the course of a 20 year Guard or Reserve career, reservists will serve multiple tours of active duty. Under the Total Force MGIB, the more one serves the more MGIB entitlement is earned.

MOAA recommends that Chapter 1607, 10 USC be transferred to Title 38 and that the rate formula for the program be adjusted to provide one month of active duty benefits under Chapter 30, 38 USC for every month mobilized.

Portability of Benefits. A key element of H.R. 1102 is that reservists mobilized for at least 90 days under federal contingency operation orders would be able to use remaining REAP benefits under Chapter 1607 after separation. That is, they would be entitled to post-service readjustment benefits under the MGIB. Some government officials are concerned, however, that this proposal would hurt National Guard and Reserve reenlistment and retention programs.

MOAA offers the following observations for the Subcommittee's consideration. America's volunteer military – active duty and reserve component – become veterans when they complete their active duty service agreements. For mobilized reservists, when they return from an active duty call-up (under contingency operation orders) they are veterans, and no American would dispute that fact, no less their sacrifice. Why then should they be treated as second-class citizens for purposes of the MGIB? If an active duty member who serves two years on active duty and one tour in Iraq may use MGIB benefits for up to 10 years after leaving service, do we not owe equal treatment to a Guard or Reserve member who serves two or more years in Iraq over a period of six or eight years of Guard/Reserve service?

DoD's own survey of reserve component members (DoD Status of Forces Survey, November 2004) indicates that "education" is not a key component in extension or reenlistment decisions. Moreover, a reenlistment or extension decision enables the service member to retain original Reserve MGIB benefits (currently, Chapter 1606) as well as the potential to earn more active duty MGIB entitlement through successive call-ups. That's not possible under the REAP program today. Reservists who choose to remain in the Selected Reserve and are subsequently activated would earn one month of active duty MGIB benefits for every month mobilized, up to 36 months of benefits, under the Total Force MGIB proposal. Under H.R. 1102, they would still have up to 12 months remaining usage under Chapter 1606, since current law allows dual-benefit accrual up to 48 mos. maximum entitlement. In short, there is a built-in incentive to continue serving in the Selected Reserve because of the potential to earn more MGIB entitlement under H.R. 1102.

Over the twenty-one year history of the MGIB, no research has shown that active duty veterans "get out" because of the MGIB. Many valid personal and family reasons drive these volunteers' decisions to serve or not to serve. To argue that mobilized reservists should be treated differently is unfair and an insult to their spirit of voluntarism.

MOAA urges the Subcommittee to endorse the provision in H.R. 1102 that would allow post-service access to reserve MGIB benefits earned during a mobilization under contingency operation orders for a period of 10 years after leaving service – the same portability active duty members enjoy.

\$1,200 MGIB Enrollment "Tax". The MGIB is one of the only government-sponsored educational programs in America that requires a student to pay \$1,200 (by payroll reduction during the first 12 months of military service) in order to establish eligibility. The payroll deduction is nothing more than a penalty that must be paid for before the benefit is received. Sadly, this fee causes some enlisted service members to decline enrollment simply because they are given a one-time, irrevocable decision when they are making the least pay and are under the

pressure of basic military training.

Those who decline enrollment—many due to financial necessity—do not have a second chance to enroll later. This is a major heartburn item from our lowest-ranking volunteers entering military service. New recruits feel tricked when they enter service and learn they must forego a substantial amount of their first year's pay to enroll in the MGIB. The practice sends a very poor signal to those who enter service expecting a world-class educational benefit.

MOAA has not adopted a formal position on this issue at this time, but we recommend that Congress address the long-term impact of an MGIB access “tax” in consolidating MGIB programs for the 21st century.

Benchmarking MGIB Rates to the Average Cost of Education. Department of Education data for the 2005-2006 academic year show the MGIB reimbursement rate for full-time study covers about 80%* of the cost at the average public four-year college or university (* percentage reflects average costs only for tuition, room, board; does not include actual expenses to veterans of commuting, living costs, or books and supplies).

MOAA urges Congress to benchmark MGIB benefit rates to keep pace with the average cost of education at a four-year public college or university.

Transferability of Benefits for National Guard and Reserve Servicemembers. Under current law, the Services may offer service men and women in designated skills the option of transferring up to half of their remaining MGIB entitlement to eligible dependents in exchange for a reenlistment agreement at the sixth year of service. The Army recently opened ‘transferability’ in certain skills. MOAA has long endorsed transferability but we believe the authority would be more useful for readiness as a career retention incentive at the 12 to 14 years’ service point. Moreover, we note that transferability is not available to National Guard and Reserve service men and women in the Reserve MGIB programs (Chapters 1606 and 1607, 10 USC).

This is yet another example of the disconnect between the reserve and active duty MGIB programs due in large measure to separate jurisdictions within Congressional committees.



Biography of Robert F. Norton, COL, USA (Ret.)
Deputy Director, Government Relations

As a member of the MOAA Government Relations team, Bob specializes in National Guard / Reserve and veterans' benefits issues.

Bob entered the Army in 1966 and was commissioned a second lieutenant of infantry in August 1967. He served in South Vietnam (1968-1969) as a civil affairs platoon leader, and transferred to the U.S. Army Reserve in 1969.

Colonel Norton volunteered for full-time active duty in 1978. He served in various assignments on the Army Staff and the office of the Secretary of the Army specializing in Reserve manpower and personnel policy matters.

Bob served two tours in the Office of Assistant Secretary of Defense for Reserve Affairs, first as a personnel policy officer (1982-1985) and then as the Senior Military Assistant to the Assistant Secretary (1989-1994). Reserve Affairs oversaw the call-up of more than 250,000 members of the Guard / Reserve the first Gulf War. He retired in 1995 and joined then-TROA's Government Relations staff in 1997.

Colonel Norton holds a B.A. from Niagara University and a M.S.Ed. from Canisius College. He is a graduate of the U.S. Army Command and General Staff College, the Army War College, and the Kennedy School of Gov't., Harvard, senior officials in national security course.

His military awards include the Legion of Merit, Defense Superior Service Medal, Bronze Star, Vietnam Service Medal, and the Armed Forces Reserve Medal.

